



Agenda Date: 3/7/2006  
Agenda Placement: 6K

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors  
**FROM:** Martha Burdick for Robert Peterson - Director  
Public Works  
**REPORT BY:** Martha Burdick, Public Works Admin Manager, 259-8188  
**SUBJECT:** Approval of and authorization for Chair to sign Agreement with ABAG

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### **RECOMMENDATION**

Director of Public Works requests adoption of a resolution authorizing the Chair to sign a revised Core Natural Gas Agreement with the Association of Bay Area Governments (ABAG) with a new three year rolling expiration term through June 30, 2008.

### **EXECUTIVE SUMMARY**

Approval of this revised Core Natural Gas Agreement will provide ABAG POWER a continuous three year planning window to take advantage of longer term pricing opportunities. It will provide the County the flexibility to opt out of the agreement on a yearly basis; the current agreement only allows entities to opt out at the end of each 3 year cycle.

### **FISCAL IMPACT**

Is there a Fiscal Impact?                      No

### **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

**BACKGROUND AND DISCUSSION**

In 1997 the Board approved a Joint Powers Agreement which created the ABAG Publicly Owned Energy Resources (ABAG POWER) consortium. The Board also approved on that same date a Direct Access Electric Aggregation Agreement (DA) for the purchase of natural gas and electricity. In June 2001, as a result of the energy crisis, the Electric Aggregation Program was suspended and all of the County's electrical accounts were returned to PG&E service. The Core Natural Gas Agreement (Agreement) was not canceled and has remained in effect since 1997.

In 2004 a revised Agreement was approved by the ABAG POWER Executive Committee (Committee). The primary purpose in revising the Agreement was to change the effective term from one which expires every three years i.e., July 2005, 2008, etc., to one that rolls forward to a new three-year term at the beginning of each fiscal year (this is known as a "rolling evergreen" term). The Committee believes this will allow for more planning flexibility in entering into longer term (up to three years) gas purchase agreements.

Membership in the Program has provided a significant benefit to the County. For example: as compared with PG & E rates in 2004 and 2005, savings rates of 8.9% and 11.5% respectively were achieved for the procurement of natural gas and ABAG POWER is currently anticipating a 10% savings for fiscal year 2005/06. Approval of this revised Agreement will keep the County in alignment with the new term and provide ABAG POWER with consistency among its membership. .

**SUPPORTING DOCUMENTS**

A . Resolution

CEO Recommendation: Approve

Reviewed By: Andrew Carey